



There Are 7 Electric Vehicle Manufacturers In Texas

Texas Electric Transportation Resources Alliance

"Leading Texas Toward an Electric Transportation Future"

TxETRA is comprised of electric vehicle manufacturers, charging companies, utilities, EV Drivers, consumer and clean air advocacy groups.

What is a Fair Road Use Fee for Texas to charge EV Owners?

77% of EV owners we surveyed are willing to pay a fair fee to drive their EV in Texas

The Department of Motor Vehicles was asked to study this question and in 2020 reported that:

"If the consumer replaces the conventional vehicle with a fully electric one, it would represent approximately a \$100 reduction in state gasoline tax collections"

But they also found that the average EV buyer replaced a high MPG vehicle. In that case, \$63 would be the equivalent to the state gas tax for that type of vehicle.

Studies show that relying on higher EV fees won't meet our state highway needs.

- Alliance for Transportation Electrification has projected a 28 percent rise in the overall vehicle fleet fuel economy by 2030 from 23.3 MPG in 2019 to 29.7 MPG by 2030 resulting in a \$240 million loss to the state highway funds.
- Consumers Union has found that a fee of \$71 reflects the average fee that would be paid by the average new car that meets new higher MPG requirements for vehicles.

EV's are creating jobs in Texas- high fees could discourage industrial growth

Texas's top economic development official. Adriana Cruz has said she will target investments from companies focused on electric vehicles, batteries and outer space this year as the state looks to break another record for corporate relocations. ¹ In testimony before this committee last session, Rivian, major EV truck manufacturer, said that EV fees were one of the criteria that they would consider in choosing a manufacturing site

A fairer solution: a road use fee system based on vehicle miles traveled.

Our proposal: The taxpayer should have a choice of these two options –

- Pay a \$71 flat fee or
- Pay a fee based on actual miles traveled by the vehicle in the last year, which is already reported to the State at the time of inspection. The fee would be based on (annual miles driven divided by

average fuel economy of new car by weight class) multiplied by the state gas tax rate. (This could be adjusted periodically by the legislature.)

EV buyers in Texas already pay over \$50 per year in higher taxes.

They pay an extra \$43 in sales taxes annually on the electricity used as fuel. Additionally, because EVs cost \$15,000 more to buy in March 2022, EV drivers paid an average of an additional \$102 in sales taxes or \$10 per year over 12 years of ownership.ⁱⁱ

High EV fees run counter to the state's emission reductions initiatives.

Emissions from fossil fueled vehicles emit more than half the pollution in every Texas city. To reduce this pollution, the State and Federal Governments have several programs in place to encourage the purchase of EVs. Electric vehicles can improve our health and reduce health care costs

The National Governors Association study found that “If EV fees are set at a level that decreases the affordability of the vehicle or offsets the financial benefit that motivates its purchase, the fees can be counterproductive to states making efforts to reduce pollution”ⁱⁱⁱ

There may be a constitutional issue as well.

Assessing EV owners, a flat fee, regardless of miles travelled may create a constitutional issue. Gas taxes are based on the reasonable presumption that the more you drive, the more gas you consume and the more you pay in gas taxes. A flat fee would penalize infrequent EV drivers in a way the gasoline tax does not; it would not rationally relate to the goal of replacing the revenue lost from the gasoline tax. This could be seen by the courts as creating a separate classification or suspect class of vehicle owners without cause and assessing a regressive, punitive, unconstitutional tax, that could be found to be violation of the State Constitution and the Equal Protection Clause of the U.S. Constitution.

A VMT fee would vary in the future as EV range and charging networks increase and it resolves the constitutional issues.

Research has shown that today EVs are driven less because of limited range batteries and lack of charging infrastructure.

But data shows that Teslas, with larger battery packs and a network of charging stations across the country, are driven as much as the average car. A VMT fee will capture the increased road use by EVs as range increases

A VMT on EVs would be a great way to test the concept.

EVs comprise about .5 % of Texas' fleet today. As of 4/12/2022 there are just 121,527 EVs registered in Texas but EVs are expected to be 40% of sales by 2030. A VMT on EVs could help test the concept before the revenue losses from conventionally fueled vehicles becomes a bigger issue.

ⁱ <https://www.bloomberg.com/news/articles/2022-01-19/texas-s-chief-of-economic-development-targets-ev-space-firms>

ⁱⁱ <https://www.wsj.com/articles/thinking-of-buying-an-ev-as-gas-prices-surge-11646885311>, March 10th, 2022.

ⁱⁱⁱ [Planning for State Transportation Revenue in a Coming Era of Electric Vehicles](#), National Governors Association, February 20, 2020.